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# **Trade Unions in Transnational Automotive Companies in Russia and Slovakia: Prospects for Working-class power**

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## **Abstract**

The article compares industrial relations in a single transnational automotive firm with production sites in both Slovakia and Russia, based on document analysis and fieldwork respectively. Empirical findings are examined in the light of a working-class power approach (Wright, 2000; Silver, 2005; Schmalz and Dörre, 2014). In Slovakia, unions sustain non-conflict engagement with management while in Russia new unions make use of unconventional methods of protest to promote worker interests. Interdependences of transnational firms along the value chain, as well as differing national, political and economic determinants of former socialist countries, make a comparative appraisal of the current situation of workers and their trade unions challenging. In Slovakia associational and institutional power is well developed and influenced by the model of German work councils, but structural power is weakly exercised. In Russia structural working-class power remains strong, but the opportunities for transforming this into lasting associational, let alone institutional power, remain limited.

## **Keywords**

Automotive industry, employment relations, labour revitalization, post-socialism, Russia, Slovakia, trade unions, transnational companies, working-class power

## **Introduction**

This article compares industrial relations in two production sites of a transnational automotive firm – Russia and Slovakia. The Russian case is based on long-term ethnographic fieldwork with workers and in-depth interviews with union representatives; the comparator case is drawn from recent scholarship. Their difference lies in the different economic and production orientation of the firm. We assume that, although with Russia and Slovakia present different post-communist economic settings, with the entry of a transnational firm the mode of workers' power is to a significant extent shaped by the company's economic direction and – to a lesser degree – by the national employment relations of the firm's headquarters. The Slovak branch, established in 1991, can be seen as an extended workbench of the German headquarters, focusing entirely on export. Industrial relations at the site in Bratislava are strongly influenced by the German model of employment relations: a dual system of negotiation processes at plant level, between an institution similar to a works council and management on the one hand side, and between trade union, at the point of both plant and corporate level, with management and corporate institutions such as formal employer associations on the other hand side. At the firm's Russian facility, newly established in 2008, by contrast production is exclusively focusing on the domestic market. Lower interconnections and dependencies of the Russian plant with the German headquarters, due to its specific economic aims, give reason for less influence and adaptation of the 'German' established modes of negotiation processes between capital and work for 'Russian' employment relations. We also argue, that the latter constellation, with a successful automobile firm entering the Russian market, offers the chance to find new modes of conflict and negotiation between workers and management in the context of an industrial relations system mainly oriented towards former Soviet legacies.

While during transition from socialism Central Eastern European (CEE) countries like Slovakia had initially better political and structural advantages for strong union development, we find the current

movement in the sphere of transnational firms to be rather muted there in comparison to Russia. There we observe a rise in new, conflict-oriented trade unions challenging not only the foreign employers but the established system of industrial relations. While in countries such as Slovakia, unions act equivocally and restrict their actions to mainly non-conflict engagement with management (Drahokoupil and Myant, 2015), in Russia, new automotive unions make use of unconventional methods of protest to promote worker interests. Entangled interconnections and dependences of transnational firms along the value chain, largely lying beneath the surface, as well as differing national, political and economic determinants of former socialist countries, make a comparative appraisal of the current situation of workers and their trade unions challenging. This calls for broad theoretical-conceptual considerations to uncover the mechanisms of worker interest representation in transnational automotive firms across borders in what are emerging as ‘varieties’ of post-socialist labour contexts in ‘varieties of capitalism’ (Hall and Soskice, 2001). We therefore contextualize our empirical findings with a working class power approach (WCP), first comprehensively described by Silver (2005) and Wright (2000) and pursued by Schmalz and Dörre (2014). In this article, we focus on the dominant presence of the German manufacturer Volkswagen in Russia and Slovakia. The data collected stem from long-term ethnographic fieldwork in the Kaluga region since 2009 focusing on labour responses to the decline in paternalism in local industry and the rise in neoliberal approaches to production relations in such firms, as well as the arrival of TNC automotive firms (Morris, 2011, 2012). In addition, the article uses interview-based field research from 2012-13 focusing on the development of alternative unions in foreign firms, car producers and suppliers in Russia. To draw out connections and differences, we contrast our case with that of a Slovak plant of the same firm in Bratislava where information is gathered through comprehensive document analysis. Our research investigates what sources of power are available to the predominantly young workforce in Russia and how newly established unions are able to direct these sources and make use of them in specific conflicts with employers, demonstrating structural power and even gaining associational strength. The empirically-based research uncovers new forms of union activism in the particularly hostile-to-labour political and economic environment of contemporary Russia. By examining the Russian case in a comparative CEE context, we highlight the uneven development of WCP in post-socialist countries that all experienced a strong shift towards neoliberalism during transition.

The article proceeds as follows. First, we introduce the WCP resource approach as a theoretical concept to contextualize the empirical findings of our research. We propose WCP as an innovative tool of analysis of contemporary developments in workers’ power and labour interest representation in the wake of the continuing exploitation of labour by globally acting firms in peripheral and semi-peripheral countries (the latter include post-socialist states). We then trace the different preconditions of workers’ power resources in the automotive sector, focusing on the development of trade unions in Russia and Slovakia respectively. Following the examination of power relations in the industry, we examine the actual successes, setbacks and difficulties trade unions agitating in TNCs face in each country as well as possible shifts in power. Finally, we contextualize our findings in reference to the relevance of the adopted theoretical approach given the complex nature of employment relations in a transnational perspective.

## **Working Class Power approach**

The theoretical departure of this article is the systematic conceptualization of working class power that offers analysis of employment relations from a transnational and diachronic perspective (Schmalz and Dörre, 2014; Silver, 2005; Wright, 2000). This approach allows us to examine the state of particular industrial relations systems in a comparative way – here contrasting two cases in different national contexts – while taking account of their historical legacies as postsocialist countries. Moreover, studying WCP in transnational contexts reveals processes of possible labour revitalization in a comparative perspective. This is particular noteworthy, as so far the literature on labour revitalization tends to focus on national contexts in the global north, or ‘centre’ of TNCs’ activity, rarely taking account of semi-peripheral or peripheral countries, as well as infrequently considering post-communist legacies (Sznajder Lee and Trappmann, 2014).

In our analysis, we look at three distinct forms of workers’ power resources, all developing in phases, each emerging out of one another, and partly competing with each other. These processes are

not to be understood in a sense of absolute linearity, but rather it is possible to analyze changes in the systems of employment relations as changes in the deployability of power resources (Dörre, 2011: 267).

The primary source of workers' power is their *structural power*, indicated by *marketplace bargaining power* on the one hand and *workplace bargaining power* on the other. The former is a direct result of tight labour markets, characterized by 1) the possession of scarce skills demanded by employers, 2) low unemployment, and 3) workers' ability to withdraw labour and get income from other sources than wage labour (Silver, 2005: 31). The segmentation of labour markets as well as state interventions and regulatory have significant influence on the structural power of workers (Schmalz and Dörre, 2014: 223).

*Workplace bargaining power* contributes to structural power and describes the strategic position of workers within an industrial key sector (Wright, 2000: 962). These key positions, i.e. in important export branches and highly integrated production processes such as the automotive industry mean that workers can disrupt these processes through local strikes and protests to an extent that not possible in other areas (Silver, 2005: 31). Even actions short of a strike can be effective in wresting higher wages and better working conditions from employers, because they entail similarly high costs, e.g. through so-called 'Italian' strikes (work-to-rule) or acts of sabotage (Schmalz and Dörre, 2014: 222).

*Associational power* as a second source of labour power relates to workers' capabilities to establish functioning collective organizations, such as trade unions, to represent their interests in opposition to capital (Wright, 2000: 962). Associational power can partially substitute structural power, but cannot fully replace it (Brinkmann et al. 2008: 25; see also Hinz and Woschnack, 2013). As a secondary form of bargaining power its operationalization relies on organisational processes and the formation of collective actors, in contrast to primary power (Silver, 2005: 30f.). Schmalz and Dörre identify five main characteristics determining associational power: First, higher union density in single branches and stronger workers' organizations at plant level indicate that it is more likely workers are successfully represented. A second indicator is infrastructural resources, referring to material resources such as trade union property as well as their personnel resources. Organizational efficiency is identified as a third indicator. Fourth, member participation – whether union members engage in strikes and other protest forms, but also in internal processes of discussion – is an important factor of associational power. The fifth indicator is internal cohesion of the organization, meaning the solidarity of union members, which makes associational power possible in the first place and resolutely demonstrates it (Schmalz and Dörre, 2014: 225f.). Beyond that organizational flexibility is crucial in exercising meaningful associational power. This could mean specific recombination of resources such as organizing and mobilizing new members (Schmalz and Dörre, 2014: 226).

Thirdly, we consider workers' *institutional power*: the result of negotiations and conflicts carried out through structural or associational power. Institutional power as a secondary workers' resource usually builds upon these sources of workers' power, and institutions are the concrete form of the two primary sources respectively (Brinkmann and Nachtwey, 2010: 21). Schmalz and Dörre claim that while institutional power bestows on trade unions comprehensive rights, it simultaneously leads to constraints on their capability for action as organizations (Schmalz and Dörre, 2014: 227f.). Institutional power presents a dilemma to unions; as they gain legal legitimacy there is a tendency for them to become less conflict-oriented, but they risk losing members and therefore associational power if they do become more amenable to employers and the state – both sources that legitimate unions' institutional power. Unions need to find a way to balance themselves as organizations within this vicious circle. Institutional power can persist even when societal balances of power have shifted, as long as organizations such as trade unions are capable of acting as authentic representatives of workers' interests and are accepted as such. Trade unions can still use institutional power resources when their associational power is in (long-term) decline (Brinkmann, 2008: 25). On the other hand, institutional power can also erode over time. Typically this occurs during intense phases of globalization involving relocations of production in order to save costs and increase flexibility for capital, or through targeted assaults on institutional power, such as significant changes in labour laws (Schmalz and Dörre, 2014: 229).

## Power imbalances – employment relations in Russia and Slovakia

Russia's trade union umbrella organization FNPR is the largest of its kind in Europe with approximately 24 million members (Bizyukov and Grishko, 2012). Unions belonging to this huge association are the inheritors of the former Soviet Union organisation FTsSPS, which was directly subordinated to the communist party. To date and with few exceptions they act as preservers of the Soviet legacies, mostly being responsible for administering and distributing social benefits to the workforce under management's guidelines (Ashwin and Clarke, 2001; Mandel, 2004). Although these trade unions still enjoy strong institutional power due to their intensive cooperationalist nature with the state, FNPR unions are dependent thereon to such an extent that their associational power is inexorably eroding. This means, that institutional power is less and less underpinned by consistent associational power. Massive loss of members since 1990 and the lack of serious organizational restructuring mean that their institutional power is very fragile. FNPR unions rarely initiate strikes or other forms of protest action following workers' growing discontent with structural and plant-specific issues, despite the increasing demand by workers to have their interests represented in terms of wages, working time and security and safety. Due to the ongoing rejection of class conflict, which is not compatible with the self-concept of those bureaucratic organisations, FNPR unions' use of potential structural power in concentrating strong associational power to give voice to workers' demands is low (Olimpieva, 2012).

About a sixth of Slovakian workers are trade union members. Union density there is considerably higher than in many other CEE countries. While the KOZ SR is the dominating umbrella organization for trade unions and mainly performs coordinating functions, its individual trade unions are considered influential and to act mostly autonomously (Glassner and Galgóczi, 2006). KOZ SR grew out of the former Czechoslovakian CSKOS in 1993, which itself is the predecessor of the former communist ROH, dissolved in 1990. Like most union organizations in Central Eastern Europe, the Slovakian trade unions have experienced significant member losses during the transition period and beyond. Since 1993 the membership has shrunk from around 1.5 million to a mere 310,000 (Glassner and Galgóczi, 2006; see also Ost, 2009). Like in Russia, Slovak unions are not known for their conflict-oriented actions; strike and protest action are on the low side (Drahokoupil and Myant, 2015). Similarly to Russia and seemingly a remnant of socialist-era paternalistic production culture is the high significance for workers of the maintenance of a social wage (Voss et al., 2006).

While the Slovak union system tried to reform itself from within and made some serious attempts to influence political decisions of governments as well as reorientate itself towards serving workers' shifting demands, the traditional FNPR unions in Russia were mostly mute and busy defending their institutional power, giving in to state-forced concessions, most often carried out on the backs of their members (Ashwin and Clarke, 2001; Kohl, 2008; Mandel, 2004; Vinogradova et al., 2012;). Gimpelson and Kapeliushnikov (2011) highlight the 'peculiar' structural adjustment of the transition period where the highly unionized workforce suffered a halving of real wages in industrial work over a period of less than 10 years. This labour 'quiescence' was the price for avoiding mass layoffs, and unions acquiesced to this form of structural adjustment (see Vinogradova et al., 2012). In such an environment, workers grew more and more frustrated, eventually leading to some cycles of intense and desperate protest action beyond the organisational structures of traditional unions in Russia during the 1990s (see Greene and Robertson, 2009).

In this context and with the beginning of the neoliberalization of the labour market from 1990 onwards, there have been serious attempts of alternative union building in Russia. These burgeoning trade unions, focusing on conflict and agitation, gave reason to presume that some transformation of the established and inflexible industrial relations system might be possible, insofar that they would be able to at least appear as a serious counterpart to the 'dinosaur' unions belonging to FNPR (Greene and Robertson, 2009). However, these attempts failed during the 1990s, partly due to internal organisational conflicts of leaders and to some considerable extent to the strong support the FNPR unions enjoy from the state. While the alternative unions were able to demonstrate strong structural power among a number of sectors, especially in industry and transport, they experienced significant difficulties in gaining stable associational power as well as meaningful institutional power. Eventually, this difficult *melée* led to their collapse only a few years after they first appeared. Their most considerable achievement however has been the emergence of two further umbrella organizations in 1995, KTR and VKT (both merged to KTR in 2010), which were officially acknowledged and organize about three million members (Bizyukov and Grishko, 2012). But to date, employment

relations in Russia are marked by an overpresence of the traditional FNPR unions, while simultaneously characterized by inertia of both their union organizations and their members (Olimpieva, 2012).

After Slovakia became fully independent in 1993, several trade unions emerged which acted independently of the dominant KOZ SR (Stein, 2001). These were mainly in occupational sectors that enjoy strong bargaining power, e.g. transportation. However, throughout transition they never fully gained recognition and were not able to fundamentally challenge the existing trade union system (Kohl, 2008). As Stein puts it, in Slovakia 'labour radicalism never found a foothold among workers' (2001). Labour and unions alike pursued goals through quiescence instead of significant protest action, least of all social unrest. This set the stage for the particularly harsh neoliberalization the Slovak economy experienced after independence in 1993, and which even accelerated after 2004, when the country joined the European Union (Sznajder Lee and Trappmann, 2014). In fact, the established trade union systems of both Russia and Slovakia have experienced roughly similar developments. Generally speaking, the traditional unions in both national contexts tried to preserve their fragile institutional establishment and their continually weakening associational power, acting relatively non-politically and subordinate to the several existing governments<sup>1</sup> (Kohl, 2008; Olimpieva, 2012). Overall, in the second decade of transition from socialism, the weakness of labour and an illusory nature of corporatism (in terms of delivering results to labour) were observed (Crowley, 2004; Ost, 2009).

However, during recent years we again observe the development of a new alternative union movement in Russia that challenges the traditional system of employment relations and might have the strength even to shift the balances of power. These unions have also evolved in economic sectors that are characterized by significant bargaining power, here especially in foreign firms. In our contrasting Slovak case, nothing similar has happened after foreign firms made their first appearances, often during the 1990s. In the following section we give a contrasting juxtaposition of the three main sources of WCP focusing on the Volkswagen plants in both Bratislava and Kaluga to provide an explanatory approach for these uneven developments in roughly comparable post-socialist contexts, both experiencing intensive neoliberalization and deregulation with the entry of transnational firms in industrial key sectors as well as being characterized by a similar traditional system of industrial relations and political-historical heritage.

## **Shifting powers in employment relations through transnational corporations in Russia and Slovakia**

In the following section, we explore the growth of workers' power in Volkswagen's Russian plant, where such developments are particularly visible. This case is contrasted with a company facility in Slovakia, where union density is traditionally high and yet workers remain quiescent although seemingly enjoying considerable bargaining power.

Despite the Russian economy's heavy reliance on natural resources, the automotive industry is a key sector for the government and its aim to diversify the domestic economy to a more modern high-tech one. While still a small part of GDP (2012: 3.7%) due to the dominance of oil and gas, by 2008 Russia was the fastest growing vehicle market in the world by value (Krkoska and Spencer, 2008). Car production offers great potential for innovation and therefore enjoys significant support and subsidies. Both domestic and foreign firms benefit from state incentives, however, the latter have long outpaced the traditional firms in productivity, overall leading to a dominant presence of foreign firms (Arutyonova and Orlova, 2013; see also Traub-Merz, 2015). Consequently, one of the main focuses of this modernization programme is the (further) attraction of foreign capital to either build joint ventures with Russian car producers or else invest in greenfield sites, offering unified taxes as well as providing tailored infrastructure in a number of regions all over the country. Like in Russia, this sector was established as a main pillar of production in Slovakia and was rewarded with a number of investments attracting foreign capital, such as the creation of industrial parks, flat taxes and governmental subsidies, securing prestigious projects (Pavlínek, 2014). Especially after joining the European Union in 2004, Slovakia became an ever more important space of car production by foreign manufacturers. But the situation here is more pronounced than it is in Russia. With a share of 12 per cent of the national GDP the automotive industry is the biggest in Slovakia and given the per capita car production, Slovakia's is the highest in the world. Among the new EU members it is the third largest

producer after the Czech Republic and Poland (Pavlínek, 2014).

The Kaluga region, directly bordering the Moscow area in the southwest, has been particularly attractive to foreign carmakers, not only because of numerous incentives of the regional government, but also because of the close geographical proximity to Moscow and Western Europe (GCC, 2012). Volkswagen, the largest foreign car producer in Russia, and focus of our research, settled here in 2008, accompanied by a number of significant foreign suppliers. The producer employs around 6000 workers at its Kaluga facility.

Alongside PSA Peugeot and KIA, Volkswagen is also the biggest car producer in Slovakia. Already in 1991 as part of its ambitious CEE expansion strategy<sup>2</sup>, Volkswagen established its main Slovak subsidiary as a joint venture at a brownfield site in Bratislava, which was built in the 1980s as part of BAZ, where Škoda produced its cars (Pavlínek, 2014). When the German firm eventually took over the Czech brand in 1999, it simultaneously became owner of the factory. Currently, about 8600 workers are employed there (Jakubiak et al., 2000).

In both firms' facilities most employees work in assembly and only around 15 per cent in Slovakia and 30 per cent in Kaluga respectively are employed as technicians or administrative workers (Voss et al., 2006). As in the Kaluga region, the entry of Volkswagen to the Bratislava region was followed by foreign suppliers, which gave the region a considerable economic boost. Kaluga is one of the most economically promising regions in Russia and just like the region around Bratislava it is highly dependent on the automotive firms' involvement. Not surprisingly, the firm experiences similar challenges in hiring and retaining skilled labour in both regions. The continuing recruitment of skilled labour is accompanied by rising labour shortages in both national contexts, which is why the workforce commutes up to one hundred kilometres to the plants (GCC, 2012; Hancké, 2011). Interestingly in Russia, at the same time and despite the economic boost, there is still significant work migration from Kaluga to Moscow, which is only a two-hour train ride commute (Falkner, 2012). Simultaneously, the informal economy remains a realistic alternative for many workers (Morris, 2014). Both factors indicate greater structural WCP in Russia as a result of the particular paths transition from socialism each country has taken and the varieties of capitalism their economies now represent (see Lane and Myant, 2006).

The rising significance of foreign firms in Russia starting with the 2000s and further gaining importance around 2005, simultaneously heralds a new area of alternative trade unionism (Chetvernina, 2009; Olimpieva, 2012). Newly emerging unions, independent of the traditionally grown system of employment relations, quickly took the chance to address workers' rights and interests in these transnational companies. Just like the alternative unions of the 1990s, small unions at company level emerge out of concrete conflict situations between workers and management. They manage to make use of workers' traditionally strong marketplace and workplace bargaining power in the automotive industry by mobilizing large groups of workers in the production process in order to achieve typical workers' demands evolving around wage, working time as well as health and safety at the workplace. Most of these small, local unions are affiliated with the MPRA, being the dominant alternative automotive union in transnational firms (Krzywdzinski, 2011; Olimpieva, 2012).

In Slovakia on the other hand, despite a similarly growing presence of globally acting firms, especially in the car industry, there has not been any significant boost in challenging the incumbent system of employment relations. Also lacking are any tendencies of reorganization of trade union structures, from within the established trade union body or through the founding of significant new, independent unions as in the Russian case (Kohl, 2008; Stein, 2001).

Not surprisingly, the VW plant in Kaluga was subject to comprehensive unionization, supported by the alternative branch union MPRA, shortly after the factory first opened. Not until four years later though, in 2012, with some 1200 workers organized, did the union gain formal recognition by the management. However, despite union membership being relatively low – around 23 per cent of production operatives, MPRA is the dominant union at the plant, which makes it the official collective bargaining partner for management and the other unions to become subordinate elements in negotiations.<sup>3</sup> The relationship of all parties is marked by lack of communication and low levels of interactions. Relations between management and MPRA union can be even described as tense and difficult from the very beginning. While management notoriously refuses to interact with the main union, the latter sees no alternatives as to call their members for strikes and protest action in order to articulate workers' basic interests. When labour conflicts at the plant arise and cannot be solved through classical negotiation practices, frequent outbursts of protest take place from time to time.

Trade unions manage to mobilize members for concrete protest actions that sometimes use unconventional means, i.e. work-to-rule actions or country-wide boycotts.

In contrast, employment relations at VW Bratislava are considered to be an exemplary well-functioning cooperation between union and management. There is only one union present, which is a member of the large sectoral trade union OZ KOVO, affiliated with the traditional KOZ SR. Union density at the plant is very high, around 74 per cent. Collective bargaining and further collective agreements are stable institutions at the plant, unionists are members of several joint committees, i.e. for health and safety issues at the workplace, and communication and meetings between union and managements take place on a regular basis (Voss et al., 2006). Overall, worker representation by the trade union is considered to be satisfactory by both the union and the management and the relationship between the parties is supposedly 'good, constructive and cooperative' (Voss et al., 2006; see also Tholen, 2008). Voss et al. assess that the trade union is much like a German style works council in terms of operation, plant-level dialogue and negotiation practice as well as worker interest representation (Voss et al., 2006). Most of this is considered to be successful because of 'excellent HRM practices' rather than a well-functioning employment relations system (Meardi, 2012; see also Tholen, 2008). However, collective bargaining agreements tend to be weak, with little effect on management decision-making, only on their implementation (Glassner and Galgóczi, 2009). Neither the union nor the workers independently have initiated any strikes in order to enforce their requests. Although there have been a couple of strike alerts announced by the union, the parties involved settled on joint agreements in each case.

### ***Chances and limits of structural bargaining power***

As mentioned, the automotive sector dominates Kaluga region, leading to significant marketplace bargaining power of workers employed in it. This becomes most evident in a very high turnover rate at the Volkswagen plant; an annual 1000 workers turnover is not unusual there. While many of the departures are voluntary, because of other job options, including in the informal economy, a significant number can be classified as being compulsory. These workers leave the plant only after a short time due to infringements of strict rules or in response to disciplinary measures short of dismissal by draconian management.

At the onset of transition, Russia and CEE had very similarly structured economies and employment (Cazes and Nesporova, 2001). In Russia though, labour turnover has remained very high (Gimpelson and Lippoldt, 1997; Lehman and Wadsworth, 2000; Morris, 2011). Fit and skilled workers are in short supply, workers 'churn' frequently, and make significant use of alternative informal work. These and other factors, indicate potentially high structural power. In CEE, labour turnover is much lower (Cazes and Nesporova, 2001), the informal economy is also less significant: labour is much less tight. The latter therefore plays an important role in an increasing labour shortage at the plant and is unwilling or unable to significantly contribute to a change on its own behalf. This on the other hand, strengthens workers' marketplace bargaining power in the long term: As less and less people are willing to hire at the plant, those remaining even gain in bargaining strength, well aware of labour shortages. So far, the workers and their union have been fairly successful in demonstrating their power in the production process by threatening management with numerous accounts of strike or protest announcements in order to move the management to negotiate collective bargaining agreements and further agreements. Up until now, management has mostly given in before it came to actual protest action, being aware of labour's power. By giving in to some demands and concessions, it avoids further heavy costs, resulting from stoppages or other interferences in the production process initiated by workers.

Similarly to Kaluga, workers employed in the automotive industry in the Bratislava region enjoy very high levels of marketplace bargaining power, especially as firms like Volkswagen also experience increasing labour shortages and struggle to recruit sufficient skilled workers. Accordingly, workers mostly leave the plant of their own accord, frequently citing ambitions to migrate to Western European countries, where they anticipate higher wages (Perry and Power, 2007). It is unclear whether a high turnover rate here is also partially due to an oppressively managerialist environment in terms of monitoring, punitive action and interpretations by workers of a lack of autonomy, as is the case in Kaluga. Though, this is not very likely as a number of sources claim good relations between capital and labour side. While we lack clear empirical data on Slovakia, in Kaluga it is widely known that



there is an open conflict smouldering between management and workforce (Pavlínek, 2014; Tholen, 2008; Voss et al., 2006). As the plant produces for export markets and depends very much on its CEE facilities, workers can claim a similarly high workplace bargaining power as those employed at the Kaluga plant. Workers' interventions in the production process through strikes and protest actions would, just like in Kaluga manufacturing for the domestic market, lead to very high costs for the firm, causing problems in reaching the plant's production target figures. However, workers' theoretically very high structural power at VW Slovakia is counteracted through this very export orientation at the same time. Volkswagen in Russia solely relies on its Russian facilities for serving the domestic market, as the alternative would have to be to go back to importing cars to Russia, which is considerably more expensive for Volkswagen and other transnational firms acting in Russia and would be encumbered by the government. In contrast, the VW management in Slovakia could always threaten workers with a potential relocation of production to countries where labour is cheaper. In over 24 years of Volkswagen presence in Bratislava a workers' strike has never occurred (Wuestner, 2012).

### ***The ambiguous reality of associational power***

All protest action taking place at VW in Kaluga is initiated by the MPRA trade union<sup>3</sup>, eager to articulate workers' demands regarding wages and working time. Besides also being engaged in the improvement of working conditions surrounding health and safety issues, one of the main focuses of the union is on the reduction of agency work, which is excessively used by management. The union was able to gain a significant number of members in the wake of the first collective bargaining period in 2012, which it initiated after the union at one of Volkswagen's key suppliers in close proximity, Benteler, reached a collective bargaining agreement with management after large scale strike and protest action, that also had effects on VW's production. For VW management it must have been a clear sign that the demands and ability to follow through on the threat of strikes to a great degree were backed up within the workforce of the plant and beyond. They had reason to fear that the union would mobilize its members at the producers' plant for strategic protest action to get the management to negotiate with the union. So, especially at plant and local level the MPRA union managed to recruit significant numbers of members within a short period of time, willing to fight for their claims and occasionally doing so through strikes, and in frequent protest actions, that are not so overt at first glance. These included work-to-rule, which almost like a 'real' strike imposes tremendous costs for the firm. Further benefit of such industrial action is the avoidance of strict and repressive labour laws that set high barriers for trade unions to declare a legal strike in the first place. What also fosters the plant organizations' associational power is the low hierarchical organization of the union on sectoral-organizational level. Fewer bureaucratic hurdles within the organization are to the advantage of the mostly local acting unions. While a lot of the member dues of traditional unions in Russia are spent on social benefits, member dues going to the MPRA unions are usually differently distributed. As many of its organizations are militant and conflict oriented, significant amounts of dues go to the strike fund. However, besides the rather optimistic explanations regarding the union's associational power, the trade union, both on plant and sectoral level, is still at the learning stage and struggles to stabilize its resources within the organization. One example: After a collective bargaining agreement was reached with VW in 2012, the union experienced a significant drop in members, down from 33 to 23 per cent. The difficulty of combining the varying interests of members and at the same time informing the workforce about current states of negotiations with management is supposedly a crucial task for obtaining lasting associational power, active union members in Kaluga have identified.

Given the union density, associational power at VW in Bratislava is much higher than in Kaluga. But it is important to note here that this union existed at the plant before VW acquired it over a period of roughly ten years. This also means that most union members have been inherited from the socialist period, when union membership was mandatory. The preconditions for associational power, especially given union density, therefore have to be clearly distinguished here. With VW's opening of its plant in Kaluga, there was no union present at first, which gave the alternative unions a sufficient chance to organize the workforce; it did not have to break established close relations between management and traditional unions that are still typical for numerous Russian firms. Also, union representation at these two VW facilities follows entirely different self-conceptions. While the dominating union at VW in Kaluga does not entirely refute the tactical possibility of treating

management as a partner in collective bargaining, it stresses much more their asymmetric relationship and focuses on conflict and the enforcement of workers' demands through protest action and the threat of it towards management. The opposite seems to be the case at VW Bratislava, where both management and union see each other as equal partners, regularly negotiating agreements in collective bargaining rounds, with the union being involved in a number of joint committees and meetings (Tholen, 2008). In effect, their associational power relies much less on their ability to mobilize the workforce in order to reach agreements as is the case in Kaluga. Instead it is rather characterized by their ability to act as co-management and sustain membership at the same time. Ultimately, unlike the Kaluga case Volkswagen Slovakia can somewhat claim a corporate culture for its Bratislava plant that seems strongly influenced by the parent enterprise with its German model of industrial relations. This is not only appraised by management, but by the union as well, as the workforce perceives VW Slovakia as a German enterprise (Tholen, 2008). Although, there are some loose connections between the German metal union, IG Metall, and MPRA at VW in Kaluga, the latter does not refer to this Rhine-Alpine model of capitalism with its system of industrial relations. Instead the union almost rejects any idea of establishing 'social partnership', preferring to grow from below in its own local context, with struggle being their main instrument of assertiveness.

### ***Institutional embedding as an ambivalent power resource of trade unions***

So far and besides the MPRA gaining formal recognition as an official trade union associated with the umbrella organization KTR, which unifies mostly alternative unions, the sectoral unions' institutional power is low. Collective agreements, where they exist, are limited to plant level. There are no comprehensive bargaining negotiations on a sectoral or sectoral-regional level, which keeps the unions actions mainly local and their influence limited. This is mostly due to the plant organizations' priority on improving basic working conditions in their own factory, viewing binding agreements beyond the plant as 'far away'. Also, neither employers in TNC nor employers in the automotive sector in general organize themselves in employer associations, which means that the MPRA would have no collective bargaining partner on sectoral or regional level, making such negotiations superfluous. Overall and similar to their 1990s counterparts, these new unions are marked by the difficulties in transforming their exceptional successes in the field of basic structural power to a lasting associational and to meaningful institutional power and influence. Their limited institutional power is also largely restrained by the state, which has no interest in a transformation of the employment relations system that would give such alternative, conflict-oriented unions significant opportunities to gain power. Too great is the fear of its possible ambitions to directly interfere in policy-making and influence labour markets and social politics, or even gain the capability to provoke forms of social unrest. To avoid such a scenario, the government prefers to artificially keep the traditional unions as dominant actors in the sphere of employment relations, despite opposing trends. With an overall reform of the labour code in 2001 it took an important step in restricting capacities to act especially for smaller, alternative unions (Olimpieva, 2012; see also Greene and Robertson, 2009). While a lower degree of institutional power can result in a more manoeuvrable union, it is questionable whether those unions will be able not only to survive but to evolve under these hostile circumstances.

Institutional power of the trade union agitating at VW in Bratislava seems fairly integrated. Not only is the union formally recognized by management and accepted as a bargaining partner, collective bargaining is a normal and functioning part of the employment relations framework established in Slovakia, where sectoral agreements are even generally binding (Kohl, 2008). While experiencing a downward spiral of associational power given the eroding number of union members in general, the Slovak unions benefit from their traditional institutional incorporation inherited from the socialist past. This is similar to the Russian traditional unions. Both rely to a great extent on this power factor, which is continually eroding. Additionally, the Slovak unions have also experienced a fall in their institutional and consequently their associational power through comprehensive reforms of the labour code, especially since 2004 after joining the European Union, restricting a number of established union rights and subsequently implementing more employer-friendly legislation (Drahokoupil and Myant, 2015; Meardi, 2007a). However, the Slovak auto union at Volkswagen Bratislava at the same time is an example of transnational institutional power, as it is part of the European works council as well as the global works council of Volkswagen. Since the employment relations in the Bratislava plant are often

referred to as being heavily influenced by the traditional German system of employment relations, the OZ KOVO organization at VW benefits from these structures with a high dependence on the institutional power of workers' interest representation originating from the German national context (Tholen, 2008).

## Conclusions

In utilizing the WCP approach we emphasize its advantages in showing interrelations of workers' power among global firms and its ability to provide insights into employment relations in transnational contexts. Although we focus on the merits of the working-class power approach, we also acknowledge its limitations. These also relate to transnational contexts: processes of globalization may give rise to communities of struggle that compensate for nation-specific weaknesses in WCP. This is indicated in the Russian case where a weaker associational and institutional power – so far – is less relevant in the face of the ongoing legacy of strong structural bargaining power despite incorporation into the global economy. In the Slovak case, labour quiescence is due to the double-edged nature of stronger institutional and associational power, which is predicted by WCP theory. More problematic is accounting for path-dependency and dynamism of neoliberalization over time. Just as the plant in Slovakia appears strongly influenced by the German industrial relations culture, especially in hindsight of the plant organization similar to works councils, the neoliberal ordering of production regimes was already present in the early 1990s; unions had no time to adjust to the new economic and social realities.

In Russia the embedding of neoliberalism in production relations remains patchy and incomplete. Unions, like workers, find ecological niches in changing political economies. In both cases therefore path dependency of labour's positioning in the specific types of capitalism emerging after socialism is important to acknowledge, but is not the complete picture. The firm's specific purposes in each post-socialist country account for the direction the employment relations at plant level develop. While the influence of actors of established industrial relations continues to be salient in the Slovak case, mainly serving the goals set by the German headquarter for export, the same does not apply for the plant in Russia, exclusively built up to produce for Russian consumer markets and therefore not dependent on the goodwill of 'superior' plants. Thus employment relations this far from the German headquarters have limited effects on negotiation processes in Russia, leading to chances of path-dependent learning of young trade unions, which gain entry to the newly emerging transnational firms, an insight explored in other post-communist contexts by Meardi (2007b).

Bottom-up processes in TNCs can be significant in helping to break the path-dependency of post-communist unions, in spite of frequent employer and state hostility (ibid). As for Volkswagen operating in Russia the risks of relocating production to other countries, where work costs are lower, are low for workers, since the obstacles to importing cars to Russia, are set extremely high for foreign firms. Aware of this, structural power is exceptionally strong, as shown before. And while the production in Slovakia is key for the firm and workers' power generally solid, the option of relocating production for cost reasons (such as 'uncontrollably' rising wages) is always there for the firm. In regard of keeping their workplaces, workers seemingly benefit from quiescence combined with the implementation of parts of the German model of employment relations demonstrating solid associational power while putting up mostly borrowed institutional strength. Their scope of action diminishes to a minimum with their seemingly strong production and marketplace bargaining power in mind.

Initially, the development of a new conflict-oriented union movement in booming regions of Russia appears to be promising. It has successfully represented worker interests and challenged the bureaucratic traditional union system through a comprehensive organization of members particularly in foreign owned firms, experiencing intense labour shortages. While unions gained some considerable achievements on plant level across a number of TNCs in the automotive sector during the period of roughly ten years, their prospects for lasting consolidation are not too optimistic. Our analysis using the working class power approach shows that the developments are largely due to workers' high primary bargaining power, which is largely fostered by the company's exclusive reliance on the Russian domestic car market unlike in the Slovak case. MPRA has experienced a notable drop in members, leading to stagnation in the development of associational power. The

localized character of the unions as well as the low level of organization of employers prevents sectoral agreements. This continues up to the institutional level, where those new union formations have practically no way of overcoming the stalled institutions of employment relations marked by traditional unions and a pseudo-paternalist state. Thus, a shift in the power balance of this established system is nowhere in sight.

Although from a transnational perspective the system of industrial relations in Slovakia is much less conflict oriented and least of all challenged by new union formations, remaining rather mute, it shows that employment relations at a local level can be seen to borrow or be indirectly influenced by other established systems of industrial relations – here the German model. While this is subject to the rising pressures of neoliberal forces, it has the strength to reach beyond borders, so that the particular employment relations at VW Bratislava can benefit from the established institutional power of workers and their interest representation organization at the German main plant through the mere presence of transnational actors as the European works council and the global works council.

While so far the younger VW plant in Kaluga cannot rely on such elaborated transnational relations, the Slovak case shows that the fostering of transnational industrial relations at company level can at least temporarily contribute to the development of employment relations at plant level. In Russia, it also shows that neoliberal intensification through globalisation also presents an opportunity for trade unions in transnational perspectives to gain power. However, the ongoing substitution of institutional power, especially based on a limited/weakening associational power in all national contexts involved, cannot hide the fact that the most urgent change needs to take place within the country-specific contexts of employment relation.

### Notes

**1** Although there have been some noteworthy division tendencies in the mid 1990s, when OZ KOVO, the largest sectoral union of KOZ SR, very critical of Mečiar's government, experienced a divide after one union committee, supporting Mečiar's policies, found its own union, *Metalurg*. Both eventually merged back together to OZ KOVO in 2009 after a generational change took place (Sznajder Lee and Trappmann 2014).

**2** For the Volkswagen group the CEE region is the most important production area, having some 42,000 workers employed. Besides Slovakia, the Czech Republic is the most important country for the firm's production (Voss et al. 2006).

**3** Besides MPRA, two significantly smaller rival unions are present at the plant. One of them is an enterprise organization of ASM, belonging to the traditional FNPR umbrella, acting as partner for the MPRA union at several occasions despite being classified as a 'yellow' union by the alternative activists, because it mainly serves as co-management. The other union, NIP, is rumoured to have been implemented by management and acts fully with its support.

**4** Except for an act of workers' sabotage that took place in 2013, when a number of cars in production were irreparably damaged after the management announced to exceed working time over weekends and holidays as a compensation for lost work days.

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